

January 25, 2013

Testimony for The Health and Human Services Appropriations Subcommittee

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My name is Cindy and I am from Sidney. I have the honor of being the executive director of Richland Opportunities, Inc., a nonprofit agency that contracts with the State of Montana. Through this agency, ROI has the privilege of supporting people with developmental disabilities.

Most Montanans now know where Sidney is due to the publicity of the Bakken Oilfield. What most citizens do not realize is that though there is a flourishing economy in Sidney, this has come at a high price, and this price has affected ROI, its employees, and most importantly the people whom ROI has the pleasure and responsibility to support. Sidney is a city of white pickups and Carhart clothes, and unfortunately ROI is in neither of these businesses. It is a land of motor homes or trailers that are parked on private residences or on lots that cost \$1500 per month and man-camps. It is a place where new 2 bedroom apartments rent for \$2,000 a month and where the starting wage for fast food workers is \$13.00 per hour. It is a place where McDonalds shuts down its lobby due to staff shortages and people then use the drive through, waiting up to 45 minutes for a McDonalds' cheeseburger. It is a place where every third license plate is out of state or out of county. It is a boom town struggling with the inundation of people, and the weight of supply and demand, and where people have paid \$100 for per night for a sleeping bag on someone's floor. It is a place where there is more traffic on Highway 200 than on Interstate 94. It is a place where people can say "fracking" and not have their mouths washed out with soap. It is a place where bus tours of legislators come examine what is occurring in Eastern Montana and then return to their homes. It is a reality where I work the overnight because there is no other ROI staff person to do this. It is town where a personal friend was jogging at 6 a.m. lost her life to two transient men, because she was in the wrong place at the wrong time. At this point, I could simply cry "help" or "uncle," and those words would show the desperation, but does not educate this committee to the needs of ROI and other service providers.

When the developmental Disability (DD) services were established in the 1970's, it was a grass roots effort that recognized the value of people being connected to their community and that a private business could manage itself better and more efficiently than a state run agency. Over the years, contracted agencies like ROI have done just that. We have efficiently and effectively used state and federal dollars to provide quality services to adults with developmental disabilities. The only flaw of this is that as a private provider, we have no control over reimbursement rates. We cannot adjust for inflation, the increased cost of doing business, or extraordinary circumstances like those in Sidney. We must rely on the benevolence of the legislature to increase the rate due to increased costs. ROI and other service providers have dictates by the State on the number of staff needed per shift to earn the rate. The State mandates staff to client ratios, and reimbursement is reduced if staffing falls below those levels. Therefore unlike most businesses, the provider cannot reduce the greatest cost, that of employees. If we reduce the number of staff on-duty, we are sanctioned by the rate because we did not meet the mandated staffing ratio. This past year alone, ROI had 550 hours of mandated employee

overtime per month, an increase of over 298% since July of 2008. And unlike a motel or restaurant that can cut back on services offered when staffing becomes too expensive or limited, we cannot tell our group home residents, "I'm sorry but we don't have enough staff for you to come home tonight." ROI has managed to meet the ongoing needs of our clients through herculean efforts on the part of our faithful, hard working staff, and on the limited financial reserves of very frugal management. To say that we are at a state of crisis is an understatement.

During the last legislative session, all Medicaid providers were rolled back to 2009 rates. This has taken a tremendous toll on the private providers like ROI. ROI can receive up to \$1.2 million in its contract with the state but this is contingent on if we have the adequate number of staff as mandated by the rate. At this point, 99% of the rate earned by ROI is being used for staff wages and benefits. This leaves the rest of our budget to run four facilities, feed and house people, and run 10 vehicles for the year. This is compounded with the fact that Sidney has a marked increase in price of goods and services since July of 2008. ROI's food costs are up 28%, fuel costs have increased 48%, housekeeping supplies increased by 37%, and housing rentals are up 144%. Part of the state's mandate on us as providers is to have internet access for reporting and training requirements. This alone has increased 100% since 2008. We are also mandated to have First aid and CPR certifications, and last year these classes were being offered for \$300 per person.

North Dakota's average cost for serving a person with developmental disabilities is \$65,684. In comparison, Montana's average cost per person is currently \$24,661. The difference in average cost per person does not mean that Montana is serving people with fewer needs than North Dakota. ROI serves people who qualify for placement in Montana Development Center on an in-patient basis due to their behaviors. Serving these same people in MDC would cost the State \$259,330 per year. ROI services not only provide economical care, but also allow these individuals to stay in their home community with the social support of family and friends.

The reason that Montana's rate is so much lower than North Dakota's is that the private providers which contract with the state have been absorbing the cost of providing services. Recently a state auditor questioned ROI about other income that was raised through donations. The auditor was reminded that the rate must pay for services and that donations cannot be counted on to provide essential care and support to people. It can be used to enhance services, but donations cannot sustain services. The rate is not covering what is necessary and mandated by the State. The suggested 2% increase will not close the gap to cover the expense of what is necessary to fund services. Even though North Dakota is paying a rate that is 2.7 times higher per person than Montana's, their legislature is considering a 10% increase in funding.

ROI is struggling as are most providers. The situation in Sidney has dramatically portrayed what all providers are up against. ROI and other providers cannot continue to absorb the differential in the cost of providing services. ROI needs funding to raise the wages of its employees and continue its mission of supporting people with developmental disabilities. The oil impact began in 2005 and has only recognized by the State in the last two years. Since 2005, we have seen ROI's work force of 45 dwindle to 25 staff because we simply cannot pay the wages that employees REQUIRE to maintain standard of living. I implore you to examine the rate and to increase it. Montana's most vulnerable population deserves to have this support